

PENSIONS
INVESTMENTS
LIFE INSURANCE



Irish Life

PLANNING FOR YOUR RETIREMENT

A QUICK GUIDE



People in Ireland are living to an average of 81 years old (Central Statistics Office, 2013). Given that most people retire at 65 if not sooner we could expect to spend at least 16 years in retirement. It's important to think about how you might finance those years to have the most enjoyable retirement you can.

This leaflet will give you a quick guide to thinking about your retirement and help you to answer some questions.

WHAT ABOUT THE STATE PENSION?

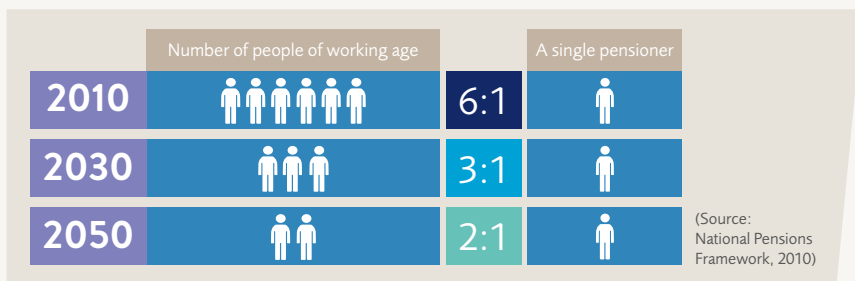
The starting point for anyone's retirement plan is of course the State Pension (if you're eligible). That's enough to get by on, isn't it? Well probably not, here are a few facts about the State Pension.

1. IT'S NOT MUCH TO LIVE ON

Currently the State Pension (Contributory) for a single person is just €230.30 a week, which adds up to a grand total of €11,975 a year. That's even lower than the minimum wage (Source: Citizens Information, 2015).

2. IT'S PROBABLY GOING TO GET EVEN SMALLER

Of course, we're also living longer. Today there are 6 workers for every 1 pensioner. But by 2050 it's estimated there will be just 2 workers paying taxes to support each pensioner. That just doesn't add up.



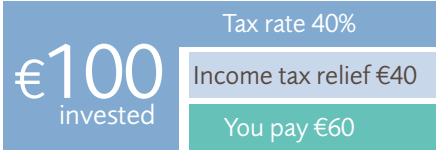
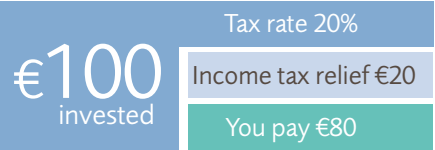
3. IT'S GETTING FURTHER AWAY THAN EVER

Not only is the State Pension likely to be reduced, it's also retreating further into the distance. The qualifying age is now 68 if you're currently aged under 52. If you still want to retire at 65, you'll need a private pension to fill the gap.

HOW CAN INCOME TAX RELIEF HELP?

Even if you had all the savings you'll ever need, a pension would still be worthwhile as an investment, because of the income tax relief you could get, if eligible. Depending on how much you invest it could be worth thousands of euro to you every year.

For lower rate taxpayers every €100 invested in a pension saves €20 off your income tax bill. For higher rate taxpayers the benefit is even greater, saving €40 for every €100. And when you come to retirement, you can take a retirement lump sum and up to 25% of it may be tax free (up to a limit of €200,000).



MORE TAX EFFICIENT THAN A SAVINGS PLAN

So, in other words, for a higher rate taxpayer, every €100 you invest takes just €60 out of your take-home pay. Thanks to income tax relief on pension contributions you could get €100 invested in your pension plan with an actual cost to you of €60. Whereas with a savings plan, the cost would be €100 from your take-home pay.

<p>Unlike a savings plan, you cannot access your pension fund until you reach retirement age. At retirement you can take part of your pension fund as a retirement lump sum. The remaining balance can be used to provide you with an ongoing pension income.</p> <p>Income tax relief is not guaranteed. To be eligible to claim income tax relief, your income must be taxable either Schedule E or Schedule D (case I or II). To claim income tax relief, you can apply to your Inspector of Taxes to</p>	<p>adjust your tax credits. Contributions deducted from salary will receive immediate tax relief.</p> <p>If you are self-employed, you must include your pension contributions in your self-assessment tax returns in order to obtain income tax relief. Pension income in retirement is subject to income tax at your highest rate on withdrawal, Universal Social Charge, PRSI (if applicable) and any other taxes or government levies due at that time.</p>
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HOW MUCH SHOULD I SAVE?

So if the State Pension isn't enough, what do you actually need to retire on? The easiest guide is to compare it with the lifestyle and income level you have now. The difference between the State Pension and your income could be the gap you need to fill with a pension.

The State Pension (Contributory) works out at an annual income of €11,975. So, if you currently earn an annual income of €50,000 and were planning to rely solely on the single State Pension (Contributory), you would be taking a drop in income of almost 80% of your current salary, or a yearly drop of €38,025.

USE OUR PENSION CALCULATOR TO PLAN WHAT YOU NEED

It's your future, and only you can decide what works for you. Have a look at the easy-to-use online Pension Calculator at www.irishlife.ie/pensions. You set your own targets, adjust the figures up and down to see the result of investing more or less.



WHEN IS THE BEST TIME TO START A PENSION?

It's always true that the sooner you start a pension, the longer it has to grow. Even a small regular investment could deliver positive results if you start in your 20s. But if for whatever reason you're starting in your 30s or 40s, or even 50s, you can still take control. You will probably have a higher income and you could benefit from greater income tax relief allowances.

So when is the best time for you personally to start a pension?

Now!

WHAT HAPPENS WHEN I RETIRE?

We can help you work out your personal lifestyle priorities. For instance, would you prefer a secure, regular income? Or a fund which you could withdraw the money from as and when you need it, and which you would ultimately pass on to your dependants?

RETIREMENT LUMP SUM

Most people choose to take 25% in the form of the retirement lump sum, of which the first €200,000 is tax free up to certain limits. The remaining balance can be used to provide you with an ongoing pension income (an annuity).

REGULAR INCOME AND OTHER CHOICES

Most people take an annuity, which provides a regular monthly income in retirement. Alternatively, you can choose to re-invest your retirement fund.



Talk to your Financial Broker or Adviser to discuss the most suitable options for your retirement.

WHAT CAN I DO NOW?

Take control of your own future by making a realistic retirement plan. There are some simple steps you can take, whatever your age, whatever your current saving situation.

IF YOU DON'T HAVE A PENSION PLAN YET

You really need to start thinking about it now. Realistic retirement planning is important for all of us:

- See for yourself what you can afford with our easy-to-use online Pension Calculator at www.irishlife.ie/pensions.
- Then talk to your Financial Broker or Adviser about your options today.

IF YOU HAVE A PENSION PLAN ALREADY

A pension is a long term investment. But that doesn't mean you should lock it away in a drawer and forget about it. Just like other investments, it pays to make regular checks on how it's performing.

SEE HOW YOU SCORE ON OUR *pension checklist*:

Take a look at the questions below, and tick each question that you would answer YES to.

- ☐ Do you know what type of funds your pension is invested in?
- ☐ Are you on track with your expected retirement income?
- ☐ Have you met your Financial Broker or Adviser in the last year?
- ☐ Do you take time to read your annual statements or keep track online?
- ☐ If you are a couple, are you both maximising your income tax relief benefits?

Count the number of questions you ticked and find out what the next steps are for your score.

*You score
1-3 out of 5:*

It's time to start thinking about your retirement plan now. Make sure you talk to your Financial Broker or Adviser and organise your annual review today.

*You score
4-5 out of 5:*

Well done! You seem to be up-to-date with your plan. Make sure you keep talking to your Financial Broker or Adviser on a regular basis and don't forget to arrange your annual review.

WHY CHOOSE IRISH LIFE?



Ireland's leading life insurance and pensions provider (based on market share 2014). Irish Life have been helping people in Ireland plan for their retirement for **OVER 75 YEARS**.



Irish Life's investment manager won **TWO MAJOR AWARDS** at the European Pension Awards 2014.



Irish Life's investment manager manages over **€50 BILLION** the most money for people in Ireland.



We offer an innovative range of investment funds called **Irish Life MAPS** – a range of five Multi-Asset Portfolio funds to suit a range of investors from careful to very adventurous.



> 1 MILLION

Irish Life have over **1 MILLION CUSTOMERS** in Ireland.



With **24/7 online service** and a Dundalk based customer service team Irish Life aim for the highest quality customer service.



Irish Life is now part of the Great-West Lifeco group of companies, one of the world's leading life assurance organisations.

PENSIONS
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NEED SOME ADVICE?

To discuss your retirement plan contact your Financial Adviser today.

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